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HAMILTON-WENTWORTH REGIONAL TRANSIT ASSUMPTION STUDY

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SUMMARY

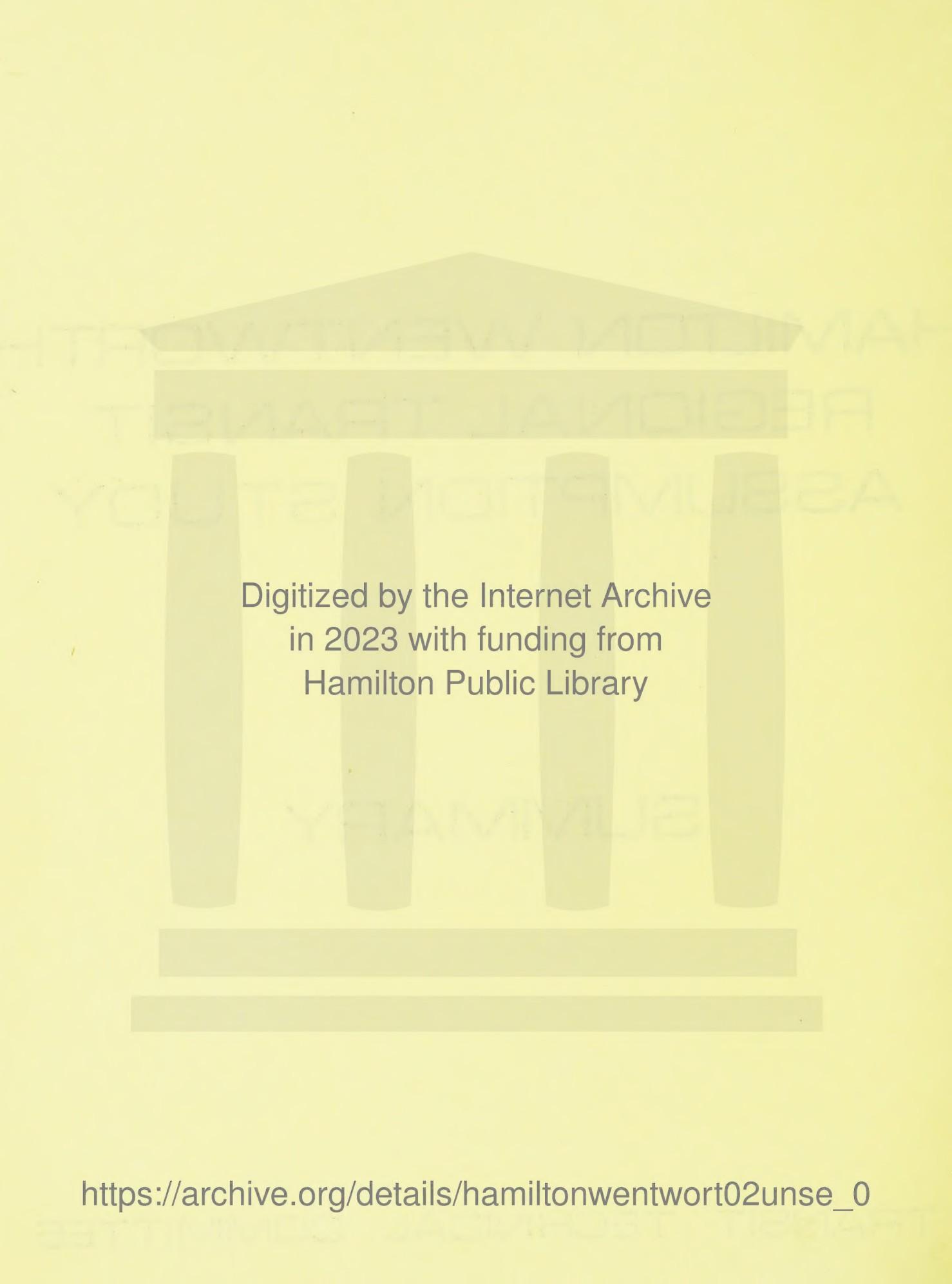
TRANSIT TECHNICAL COMMITTEE

November 1974

HAMILTON WENTWORTH REGIONAL TRANSIT ASSUMPTION STUDY

SUMMARY

TRANSIT TECHNICAL COMMITTEE



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December, 1974

Madam Chairman, Members
Transit Coordinating Committee

RE: Transit Assumption Study

Mrs. Anne Jones:

I herewith present the Transit Technical Committee's report on the impacts of assumption of the Public Transportation System from the City of Hamilton by the Regional Municipality of Hamilton-Wentworth.

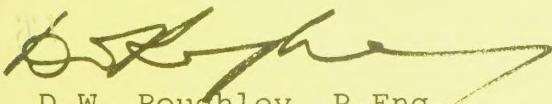
The report, I believe, satisfies the requirement that the Technical Committee undertake the study in accordance with the terms of reference and to provide the Transit Coordinating Committee with recommendations accordingly.

The Technical Committee membership was made up of representatives from the Hamilton Street Railway, Planning and Development, Engineering and Finance Departments of the Region, the Ministry of Transportation and Communication and the Traffic Department, City of Hamilton. I acknowledge with thanks, the time and work provided by the members of the Committee in undertaking this difficult study.

In conclusion the Committee believes that this report provides the necessary background information in order for the Coordinating Committee and Regional Council to approve policies with respect to the Hamilton-Wentworth Region's Public Transportation System.

The last task to be undertaken by the Transit Technical Committee is to prepare a Transit Operating By-law. This by-law will be prepared by the Technical Committee and submitted to the Coordinating Committee and Regional Council as soon as practical after the enabling legislation is approved early in 1975.

Respectfully submitted,



D.W. Roughley, P.Eng.,
Chairman

ATTACH.

REGIONAL TRANSIT COORDINATING COMMITTEE

Regional Chairman Anne H. Jones, Chairman

Regional Coordinator C.T.C. Armstrong

Councillor F. Campbell

Councillor V.N. Copps

Councillor H. Everett

Mr. T.A. Rice, Hamilton Transit Commission

Councillor P. Valeriano

REGIONAL TRANSIT TECHNICAL COMMITTEE

Mr. D. Roughley, Regional Engineering Dept., Chairman

Mr. F. Cooke, Hamilton Street Railway

Mr. R. Desjardins, Hamilton Traffic Department

Mr. D. Garner, Ministry of Transportation & Communications

Mr. J. McAully, Regional Finance Department

Mr. G. McCarthy, Regional Planning & Development Dept.

Mr. H. Mauradian, Regional Finance Department

Mr. F. Patterson, Ministry of Transportation & Communications

Mr. H. Schweinbenz, Regional Engineering Department

Mr. J. Little, Hamilton Street Railway

The following is a summary of the pertinent findings and recommendations resulting from the study.

1. FINDINGS

a. Operating Costs and Revenue Projections

In 1973 the costs and revenues resulting from the operation of the Hamilton Street Railway were \$9.6 million and \$6.4 million respectively. The system, therefore, operated at a deficit of \$3.2 million. Costs and revenues of Canada Coach Lines were \$3.0 million and \$2.90 million respectively with a \$100,000 deficit on the 1973 operations. In 1973, the H.S.R. deficit was subsidized approximately 40% by the province (in 1974 the operating deficit will be eligible for a 50% provincial subsidy). The deficit on the C.C.L. operation, which is not eligible for provincial assistance, was funded by a grant from the City of Hamilton.

In the future the costs of operating the Hamilton Street Railway and Canada Coach Lines will increase (see Tables 1, 2, 3, 4).

By the year 1979, assuming no increase in present fare levels, the annual net deficit (after Provincial subsidies) of the Hamilton Street Railway can be expected to increase to approximately four million dollars due to inflation alone.

This net deficit could increase to approximately eight million dollars if the transit system is expanded to serve developing areas.

If fares remain constant and there is no significant increase in ridership on Canada Coach Lines (the interurban carrier which is not eligible for Provincial subsidy) the annual operating deficit can be expected to increase to approximately two million dollars by the year 1979 due to inflation.

Even with a ten percent fare increase every two years and assuming no significant increase in ridership the annual operating deficit for Canada Coach Lines can be expected to reach one and one-half million dollars by the year 1979.

b. Allocation of Deficit

The Transit Technical Committee report examined the complex organizational, service and fare structures of the Hamilton Street Railway and the Canada Coach Lines Ltd., and the various basis of apportionment available to the Region to apportion the deficits within the proposed legislation.

The report concluded that the deficits on inter-regional routes, should be a provincial responsibility (the Provincial representative on Committee made no commitment in this regard). Until the province assumes the deficits on these routes they should not be the responsibility of any individual area municipality but the deficit should be part of the general Regional levy and apportioned to the area municipalities on the basis of equalized assessment.

Seven criteria were proposed for judging the various bases of apportionment for Regional transit service deficit.

- a) Generally understood and acceptable.
- b) Easily determined.
- c) Flexible.
- d) Reflect the service available.
- e) Not encourage demand for uneconomical service.
- f) Permit area municipalities input.
- g) Permit area municipalities internal taxing options.

Based on these criteria the Transit Technical Committee concluded that the apportionment of the Regional transit service deficit should be on the basis of equalized assessment within an "Urban Transit Area". The "Urban Transit Area" was defined as an area that received a predetermined level of service, which would be established in consultation with the area municipalities.

The interim report on alternatives for allocation of deficits was examined by the Transit Coordinating Committee who concluded that the criteria for judging the basis of apportionment for Regional transit service deficit were deficient in that they did not reflect the importance of a transit service to the financial vitality of the Region in total and that all municipalities should be expected to contribute on some basis to the continued growth potential of the Region. (see Tables 5, 6, 7, 8).

c. Legislation

In order to implement the resolution passed by the Hamilton-Wentworth Regional Council on April 16, 1974, which stated, in essence, that transit should be a responsibility of Regional Government, it is necessary that the Regional Municipality of Hamilton-Wentworth Act, 1973 be amended and that certain Sections of the City of Hamilton Act be repealed.

d. Organizational Structure

The main issue relating to organizational structure is whether or not a change is required at this time in the Policy organization of the Public Transportation System with assumption of the System by the Region.

In our review of Policy Organization, we believe there are three (3) basic alternatives namely the

- (1) An Appointed Commission
- (2) A Committee of Regional Council
- (3) An Appointed Commission (restructured with administrative and system support from the Region)

Six (6) key issues were found to be relevant in evaluating organizational alternatives for the public transportation system. The issues are:

- (1) Responsiveness to public need
- (2) Degree of Regional Council Influence
- (3) Degree of Integration with other Service Policies
- (4) Degree of use of Regional Resources
- (5) Adherence to policies of Province of Ontario.
- (6) Impacts on existing organization and staff.

2. RECOMMENDATIONS

a. Allocation of Deficit

After reviewing the conclusions of the Technical Committee (see FINDINGS, paragraph b. above), the Transit Coordinating Committee concluded that the Regional transit service deficits should be apportioned half on the basis of equalized assessment for the whole Region and half on the basis of revenue miles to the benefitting municipalities and the subsidy in respect of special adult fares be apportioned to the municipalities benefitting.

Specifically the Transit Coordinating Committee recommended:

- 1) "that the "urban Transit Area" be defined in the Regional Public Transportation Operating By-law as the whole of the Region.
- 2) That 50% of the Regional Public Transportation Deficit after Provincial subsidy be apportioned to the Area Municipalities on the basis of Equalized Assessment.
- 3) That the remaining 50% of the Public Transportation Deficit be apportioned to the Area Municipalities on the basis of revenue miles.
- 4) That the Regional Public Transportation Deficit after Provincial subsidy to be apportioned under 2) and 3) above not include the cost of special adult rates as subsidized by the City of Hamilton.
- 5) The net cost of reduced fares and passes of special adult rates as subsidized by the City of Hamilton are to be apportioned directly to the Area Municipalities benefitting.
- 6) That the Inter-Regional Public Transportation Deficit be apportioned to the Area Municipalities on the basis of Equalized Assessment."

In order to implement the intent of the Transit Coordinating Committee's recommendations, the Transit Technical Committee made the following recommendations:

- 1) The Regional transit service should be funded through one operating body (for the present time the Hamilton Street Railway).
- 2) That negotiations should commence with the province for them to assume the cost of the Inter-regional transit services.
- 3) The deficit of Canada Coach Lines in respect of inter-regional routes to form part of the general levy of the Region until it is met 100% by the province.
- 4) That a standard fare policy be implemented within the Urban Transit area.
- 5) That the Urban Transit area be designated as soon as possible.
- 6) That a committee of the Treasurers of the area municipalities be established to agree the calculations of revenue miles on the basis of the operating by-law.
- 7) That the officials on the Hamilton Street Railway and Canada Coach Lines be required to prepare the necessary records and information for submission to Committee of Treasurers.

b. Legislation

- 1) Amendments be made to the Regional Municipality of Hamilton-Wentworth Act, 1973 as outlined in detail in Chapter V of the full report.
- 2) The following Sections of the City of Hamilton Act be repealed
 - The City of Hamilton Act, 1960, being Chapter 142, and
 - Section 2 of The City of Hamilton Act, 1961-62 (No. 2), being Chapter 151, and
 - Section 1 of The City of Hamilton Act, 1966, being Chapter 171, and
 - Section 2 of The City of Hamilton Act, 1970, being Chapter 153, and
 - Section 1 of The City of Hamilton Act, 1971, being Chapter 113, and
 - Section 3 of The City of Hamilton Act, 1973, being Chapter 191.

c. Organizational Structure

- 1) The policy body for the Regional Public Transportation System should remain a Commission structure at this time.
- 2) The Regional Council should review the Commission Structure in three (3) years.
- 3) The Commission should be named the Hamilton-Wentworth Transit Commission.
- 4) The Commission should have a membership of persons with political and non-political background and should be made up of the following members:

Three (3) Regional Councillors (appointed by Regional Council);
Two (2) Citizens (appointed by Regional Council).

In addition the Chairman of the Hamilton-Wentworth Region is recommended to sit ex-officio on the Commission.

It is also recommended that the General Manager of the Hamilton Street Railway Company and the Regional Coordinator attend all meetings of the Commission.

- 5) The position of Secretary of the Commission should be filled on a permanent basis.
- 6) It is recommended that the Management of the Public Transportation System and the Regional Planning and Engineering Departments maintain a coordinated approach to transportation planning, programming and budgeting through the Regional Coordinator.
- 7) The role of the Hamilton-Wentworth Transit Commission as a policy making body responsible for Public Transportation Service should be clearly defined in a Regional Operating By-law.
- 8) The role of the Commission and its objectives should be developed, documented and approved by the Regional Council.
- 9) The General Manager should continue to be responsible to administer and manage the Public Transportation Systems. The duties and responsibilities of the General Manager and staff of the Company and their relationship to the Commission and Regional Council should be clearly defined and approved by the Commission and Regional Council.

- 10) The Commission should have regular meetings on a monthly basis, and these meetings should be open to the public.
- 11) The Regional Councillors should not receive any compensation for an Appointment to the Commission. The citizen members of the Commission should be reimbursed for their time spent at Commission meetings and for expenses incurred on Commission business. The rate of compensation should be established by Regional Council.
- 12) The General Manager should seek the cooperation of the Regional Administration to provide, where required, support functions which are available from Regional resources and staff.
- 13) The Transportation Goals of the Region, to include Public Transportation, should be clearly defined, documented and approved by Regional Council in the future.

d. Local Municipality Estimates of Increased Transit Service

The following recommendations arise from the meetings with the Councillors and Officials of the Area Municipalities.

- 1) The Regional Transit Operator should develop an interface and reporting relationship with the Regional and Local planning groups in order that the Transit Operator is aware of development as it occurs.
- 2) Unique service requirements within the Regional Transit System should be recognized and service provided as warranted in cooperation with the Area Municipalities.
- 3) The Regional Transit Operator should place particular emphasis on the development of a public relations program and the dissemination of information to the public and to Area Municipalities.

TABLE 1 - Projected Costs and Revenues (millions of dollars)
 (Costs inflated at 10%) HSR

Year	Operating Costs (10% Growth)	Revenue (4%)	Gross Deficit	Net Deficit to Region	Revenue (8%)	Gross Deficit	Net Deficit to Region
1974 Budget)	10.7	6.6	4.1	2.0	6.6	4.1	2.0
1975	11.7	6.9	4.8	2.4	7.2	4.5	2.2
1976	12.8	7.2	5.6	2.8	7.7	5.1	2.5
1977	13.9	7.5	6.4	3.2	8.4	5.5	2.7
1978	15.2	7.8	7.4	3.7	9.0	6.2	3.1
1979	16.7	8.1	8.6	4.3	9.7	7.0	3.5

TABLE 2 - Projected Costs and Revenues (Millions of dollars)
 (Costs inflated at 20%) HSR

Year	Operating Costs (20% Growth)	Revenue (4%)	Gross Deficit	Net Deficit to Region	Revenue (8%)	Gross Deficit	Net Deficit to Region
1974 Budget)	10.7	6.6	4.1	2.0	6.6	4.1	2.0
1975	12.6	6.9	5.7	2.9	7.2	5.4	2.7
1976	15.0	7.2	7.8	3.9	7.7	7.3	3.6
1977	17.8	7.5	10.3	5.1	8.4	9.4	4.7
1978	21.2	7.8	13.4	6.7	9.0	12.2	6.1
1979	25.4	8.1	17.3	8.6	9.7	15.7	7.8

TABLE 3 - Projected Costs and Operating Deficits with
Constant Revenue (millions of dollars) CCL

Year	Operating Cost (10% Growth)	Revenue	Operating Deficit
1974 (Estimate)	3.4	3.3	.1
1975	3.8	3.3	.5
1976	4.2	3.3	.9
1977	4.6	3.3	1.3
1978	5.0	3.3	1.7
1979	5.5	3.3	2.2

TABLE 4 - Projected Costs and Operating Deficits with
a 10% Revenue Increase in 2-Year Intervals
(millions of dollars) CCL

Year	Operating Cost (10% Growth)	Revenue	Operating Deficit
1974 (Estimate)	3.4	3.3	.1
1975	3.8	3.3	.5
1976	4.2	3.7	.5
1977	4.6	3.7	.9
1978	5.0	4.0	1.0
1979	5.5	4.0	1.5

TABLE 5

BASIS OF APPORTIONMENT-COMPARISON

	<u>REGIONAL EQUALIZED ASSESSMENT</u> %	<u>POPULATION</u> %	<u>REVENUE MILES</u> %	<u>URBAN TRANSIT AREA EQUALIZED ASSESSMENT</u> %
Ancaster	3.331	3.640	.810	1.736
Dundas	4.250	4.635	2.448	1.496
Flamborough	5.157	5.470	.315	
Glanbrook	2.149	2.486	.090	
Hamilton	77.785	76.609	93.272	90.782
Stoney Creek	7.328	7.160	3.065	5.986
	<u>100.000</u>	<u>100.000</u>	<u>100.000</u>	<u>100.000</u>

TABLE 6

COMPARISON OF BASES-AMOUNTS BASED ON 1973 EXPENDITURES

	Inter Regional Service Deficits		Regional	Transit	Service	Deficits
	Regional Equalized Assessment	Regional Equalized Assessment	Population	Revenue Miles	Urban Transit Area Proposals (See Note 4)	
Ancaster	\$ 5,323.	\$ 51,791.	\$ 56,596.	\$ 12,594.	\$ 26,827.	
Dundas	6,792.	66,080.	72,066.	38,062.	23,118.	
Flamborough	8,241.	80,183.	85,049.	4,898.	6,802.	
Glanbrook	3,434.	33,413.	38,653.	1,399.	2,702.	
Hamilton	124,301.	1,209,425.	1,191,140.	1,450,221.	1,402,878.	
Stoney Creek	11,710.	113,938.	111,326.	47,656.	92,503.	
	\$159,801.	\$1,554,830.	\$1,554,830.	\$1,554,830	\$1,554,830	

NOTES:

1. For all bases the net deficit on Inter Regional Services is apportioned on the basis of Regional equalized assessment.
2. The schedule has been prepared on the basis of a 50% provincial subsidy because in 1974 and subsequent years the Province will meet 50% of the net deficits. In 1973 the City actually received \$1,140,100. subsidy.
3. The estimated deficit of the whole system for 1974 is \$4.1 million (\$2.1 million after Provincial subsidy).
4. Possible service agreements costs have been included for Flamborough (Waterdown and Lynden routes) and Glanbrook (Binbrook routes).

TABLE 7

COMPARISON OF BASES - AMOUNTS BASED ON 1973 EXPENDITURES

Inter Regional Service Deficits	Regional	Transit	Service	Deficits
Regional Equalized Assessment	Regional Equalized Assessment	Revenue Miles	Urban Transit Area Proposals	Equalized Assessment & Revenue Miles Charging all Special Fares to Benefiting Municipality
Ancaster	\$ 5,323	\$ 51,791	\$ 26,827	\$ 22,460
Dundas	6,792	66,080	23,118	36,320
Flamborough	8,241	80,183	6,802	42,540
Glanbrook	3,434	33,413	1,399	17,399
Hamilton	124,301	1,209,425	1,402,878	1,329,830
Stoney Creek	117,710	113,938	47,656	92,503
				80,789
	\$159,801	\$1,554,830	\$1,554,830	\$1,554,830
	=====	=====	=====	=====

NOTES:

- For all bases the net deficit on Inter Regional Services is apportioned on the basis of Regional equalized assessment.

- The deficit for 1973 was calculated as follows:

Hamilton Street Railway	\$3,166,792
Canada Coach Lines	102,669
	<u><u>\$3,269,461</u></u>

- This schedule has been prepared on the basis of 50% subsidy from the Province. In 1973 the actual costs to the City of Hamilton of Transit was as follows

Stabilization Payments	\$2,240,820
Fare Equalization Payments	940,679
Canada Coach Lines	48,130
	<u><u>\$3,229,629</u></u>
Less Provincial Subsidy	1,140,100
City of Hamilton	<u><u>\$2,089,529</u></u>

TABLE 8

COMPARISON OF BASES - AMOUNTS BASED ON 1973 EXPENDITURESS

NOTES:

1. For all bases the net deficit on Inter Regional Services is apportioned on the basis of Regional equalized assessment (\$159,801)
 2. The deficit for 1973 was calculated as follows

Hamilton Street Railway	\$3,166,792
Canada Coach Lines	<u>102,669</u>
	<u><u>\$3,269,461</u></u>

Stabilization Payments	\$2,240,820
Fare Equalization Payments	940,679
Canada Coach Lines	48,130
Less Provincial Subsidy	<u>\$3,229,629</u>
City of Hamilton	<u>1,140,100</u>
	<u>\$2,089,529</u>

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